

**GOVERNMENT OF ODISHA
FINANCE DEPARTMENT**

No. 14915 /F., Bhubaneswar, dated 18th May, 2016
FIN-WM-BT-0001-2015

From

**Shri R.Balakrishnan, I.A.S.,
Additional Chief Secretary to Govt.**

To

**Additional Chief Secretaries/
All Principal Secretaries/ Secretaries to Government/
All Heads of Department.**

Sub: **Regulation of Expenditure out of the Annual Budget for the year 2016-17.**

Sir/Madam,

I am directed to say that, the Annual Budget and Appropriation Bill for 2016-17 has been passed by the State Legislature and enacted, the Administrative Departments are authorized to incur expenditure on the basis of the provision made in the Annual Budget for 2016-17.

2. The guiding principles and modalities for sanction and release of funds provided in the Annual Budget for 2016-17 are specified below.

3. It is necessary to expedite the pace of expenditure during the 1st quarter of the financial year as it is the working season before the onset of monsoon. The Departments should, therefore, carefully chalk out a work programme from the beginning of the financial year and **make available the provision made in the Annual Budget to the spending Units in the month of May, 2016 itself.**

4. Keeping the above mentioned objective in view, while sanctioning funds, the following guidelines are to be observed.

(i) Expenditure on creation of capital assets and completion of projects, economy in Non-Plan Revenue Expenditure and the cost of operation of various services should be given top most priority.

(ii) Funds should be released according to a definite action plan for achieving the quantifiable physical target fixed for the year. The Secretaries of

Administrative Departments are to review physical achievement against expenditure by 15th of every month against monthly/quarterly targets.

(iii) Statutory dues viz. Sales Tax/VAT, Municipal Tax, compensation for land acquisition etc. as well as electricity dues, water charges and Rents, Rate and Taxes, both current and arrears, should be cleared on the basis provision made in the Budget, after verification and scrutiny- and rebate where-ever available should be availed. If any delayed payment surcharge levied, it would be the personal responsibility of the concerned Head of Office/DDO. The Administrative Department, Heads of Department and Head of Offices are authorised to purchase pre-paid electricity Card/Meter from the Distribution Companies for advance payment of electricity charges which would be adjusted against the actual consumption.

(iv) Allocation under M.V., telephone, T.E. and Office Expenses should be distributed in such a manner so that it will meet the requirement for the entire year.

(v) The maintenance expenditure under Non Plan for Roads & Bridges, Buildings, Urban Water Supply, Rural Water Supply, Major, Medium & Minor Irrigation, Flood Control work etc. should be incurred according to the Annual Maintenance Plan formulated by the concerned Administrative Department in consultation with Finance Department. Distribution of allocation among the administrative units should be completed by 31st May, 2016 in accordance with the approved Annual Maintenance Plan.

(vi) Creation of posts would require prior concurrence of Finance Department. **Permission of the Empowered Committee constituted in terms of Finance Department Resolution No. 22989/F., dated 05.08.2014, would be required for filling up of base level vacant posts meant for direct recruitment.** Proposals for creation and filling up of posts should be made only if the posts are essential for delivery of public services or developmental needs.

(vii) Purchase of new vehicles would require prior concurrence of Finance Department. It would be considered only on replacement basis and on the certificate of the Secretary of the Department regarding availability of a Driver whose residual service period should be at least equal to the life period of a new vehicle and deposit of the sale proceeds of the condemned vehicle in Government account. In terms of Finance Department Office Memorandum No. 27037/F., dated 08.10.2015, the Administrative Departments shall be competent to take a decision at their level for hiring of private vehicle for official

use in substitution of existing Government vehicle after completion of the process of condemnation and auction of old vehicle and deposit of the sale-proceeds in treasury. However, hiring sought without condemnation of existing vehicles and hiring of vehicles for new offices will require prior concurrence of finance Department.

(viii) Concurrence of Finance Department would not be necessary for purchase of machinery and equipment if it is within the overall limit of sanction under Plan and Non-Plan.

5. While releasing funds, priority should be given for programmes/schemes where expenditure is reimbursable, completion of the incomplete projects under the Zero Based Investment Review and State's Own Flagship Programme e.g. - (i) *EAP, RIDF and other Resource Tied up schemes under State Plan*, (ii) *CP, CSS & CSP schemes*, (iii) *State's own plan schemes like Biju KBK, Gopabandhu Gramin Yojana, Biju Gram Jyoti, Biju Saharanchal Bidyutikaran Yojana, Mo Kudia, Biju-Kandhamal Gajapati Yojana, Madhubabu Pension Yojana, Scheme for utilization of ground water in drought prone areas and Construction of Check Dams, Biju Setu Yojana, Mega Lift Scheme etc.* (iv) *Relief expenditure.*

6. While scrutinizing proposal for sanction of expenditure during the year 2016-17, the progress of submission of Utilization Certificate in respect of expenditure incurred up to the preceding month and expenditure incurred during 2015-16 should be reviewed by the Administrative Departments. It should be ensured that the Implementing agencies utilize the scheme funds transferred to them. **Before releasing money to the implementing agencies it should be ensured that the implementing agencies have utilised the funds transferred to them in the previous years and the same has not been lying unutilised and parked by the implementing agencies in Bank Account. The time limit for submission of Utilization Certificate in respect of grant in aid provided by State Government and grants received from Government of India as indicated in Finance Department O.M. No.21241/F, dated 17.07.2014 is to be scrupulously adhered to.** The Financial Advisors and Assistant Financial Advisors are required to enforce the discipline while concurring in the proposal for sanction of grant-in-aid.

7. The flow of expenditure should be evenly paced and commensurate with the revenue receipts. However, it is noticed that expenditure pattern is skewed and back-loaded. Therefore, it is necessary to formulate quarterly and monthly expenditure plans from the beginning of the year to

Priority
areas of
expenditure

Submission
of
Utilisation
Certificate

Even pacing
of
expenditure

avoid rush of expenditure towards the year-end. In order to achieve this objective, completion of the formalities relating to sanction and release of funds in the early part of the financial year would accelerate the pace of expenditure in the 1st three quarters. The expenditure in the last quarter of the financial year and in the month of March ought to be within 40% and 15% respectively of the Annual Budget provision. This necessitates expeditious sanction and allotment of funds. The total allotment including supplementary provision should be communicated by 31.12.2016 or at the latest by 15.01.2017 in case of re-appropriation or additional allotment. The allotment relating to salary should be released at one go from the beginning. Similarly, the process of issue of sanction orders for release of funds as well as surrender of Budgetary provision should be completed by 31.01.2017. In order to avoid last minute rush it is hereby indicated that the last date for submission of bills to the Treasuries in the financial year 2016-17 will be **10th March, 2017** for claims under other Contingency, Machinery, Equipment, Vehicle, Share Capital, Subsidy, Loan and **15th March, 2017** for other claims.

8. **(i) Instructions have been issued to all Departments vide Finance Department Letter No. 14713/F dated 17.05.2016 to complete the process of distribution of allotments to the D.D.Os through Odisha Treasury Portal <http://www.orissatreasury.gov.in> by 31.05.2016. The detailed DDO-wise Budget Allotments should be distributed forthwith through Odisha Treasury Portal <http://www.odishatreasury.gov.in> if not already done,** in order to enable the Treasuries/Special Treasuries/Sub Treasuries to check the bills against budgetary allotment through iOTMS. The DDOs need not wait for ink-signed copy of the allotment.

(ii) Although, the detail head-wise provision was not indicated in the Vote on Account, 2016-17, it was provided through the Budget Interface and Work expenditure module of the Treasury Portal for online distribution among the DDOs by the Administrative Departments/Controlling Officers. While allowing expenditure out the provision made in the Annual Budget, 2016-17, the Treasury Portal shall check the object head/detailed head-wise expenditure allowed against the provision made in Vote on Account, 2016-17 along with the expenditure against these object heads/detailed heads in the Annual Budget, 2016-17, so as to prevent double drawal against the same provision made in the Vote on Account and Annual Budget, 2016-17. The Treasuries and Sub-Treasuries

should, therefore, insist on full accounting classification i.e. detailed description from Major Head to object head/detailed head in the Bills presented for drawal.

(iii) Allotment for Works Expenditure of Forest & Environment, Rural Development, Water Resources, Housing & Urban Development, Energy & Works Department against Budget provision, N.H. Credit and Deposits, based on budgetary allotment and accounts of the Division/Project, drawn through cheques, would continue to be routed through Works Expenditure module of the Treasury Portal and regulated by Finance Department Circular No.28777(6)/F; dated 24.06.2011. The Controlling Officers are advised to distribute budgetary allotment in respect of works expenditure to the Divisions/projects through Works Expenditure module of the Treasury Portal.

(iv) Separate expenditure sanction would also be necessary in case of Works expenditure/projects governed by Public Works Department Code, in terms of the provisions contained in Rule-17(d) of the Delegation of Financial Powers Rules, 1978 as amended from time to time.

(v) Guidelines for utilization of provisions made for different works under plan schemes of Works, Rural Development, Housing & Urban Development and Water Resources Department and construction of buildings issued vide Finance Department O.M No. 15744/F dated 05.04.2012 should be followed scrupulously for release of the budgetary allocation for these works.

9. Sanction of expenditure for new schemes or new services, existing schemes where scope of the scheme is proposed to be altered substantially and/or cost estimate of projects/schemes are to be revised.

Guidelines have been issued in Finance Department O.M. No. Codes-27/2011-1068/F., dated 10.01.2013 and Rule-17-A of the Delegation of Financial Power Rules, 1978 for appraisal and approval of new schemes or new services, existing schemes where scope of the scheme is proposed to be altered substantially and/or cost estimate of projects/schemes are to be revised. **Sanction of expenditure for these schemes/services can only be made after completion of the process of appraisal and approval by competent authority within the limit of sanction prescribed in paragraph 12 & 13 for the Departments covered under the Cash**

Management System and other Departments outside purview of Cash Management System respectively.

10. Central Plan, Centrally Sponsored Schemes (CSS) and Centrally Sponsored Plan Schemes :

CP/CSS/
CSP
Schemes

(i) Normally, expenditure for these schemes is to be made against availability of Central Assistance only, during 2016-17. However, in case of urgent necessity for release of funds for continuing schemes, the Administrative Departments can incur expenditure to the extent of 50% of the provision made in the Budget Estimate for the year 2016-17 or 50% of the annual allocation made by the concerned line Ministry of Government of India whichever is less, during the first two quarters of the financial year in respect **continuing Central Plan, Centrally Sponsored Schemes (CSS) and Centrally Sponsored Plan Schemes** pending receipt of Central Assistance with concurrence of the Financial Advisor / Assistant Financial Advisor of the Departments. **Further, in case of continuing schemes, the Administrative Departments can incur expenditure on the salary component.** In anticipation of receipt of Central Assistance up to **31.12.2016** without concurrence of Finance Department. On receipt of Central Assistance it will be first adjusted towards the advance release made by the State Government.

(ii) The Administrative Departments should furnish Utilisation Certificate and Statement of Expenditure in time to the respective line Ministries of Government of India in order to obtain the Central Assistance due. They should use web-based Utilisation Certificate Monitoring System (UCMS) for generating and monitoring submission of Utilisation Certificate (UC) against Central Assistance received for various schemes as per the advisory issued by Finance Department vide letter No.30340/F., dated 26.11.2015. The web application can be accessed by all authorized users through internet at **<http://ucms.ipetechnologies.com>**.

(iii) To facilitate monitoring of the receipt and utilization of central assistance, the sanction order for Centrally Sponsored Schemes (CSS) and CSP Schemes should be issued in respect of the total provision under CSS/CSP, inclusive of the State Share (indicating the proportionate State Share) and the drawal should be made for the CSS/CSP as a whole.

11. Budgetary funds will in no case be transferred to Civil Deposit.

12. (i) Cash Management System was introduced in 10 key spending Departments in 2010-11 and extended to 5 more Departments during 2011-12. It was further extended to 3 more Departments in 2012-13. For these 18 Departments, the minimum level of expenditure upto the 3rd quarter **i.e. 60%, not only under Non-Plan, State Plan, CP, CSS & CSP taken together but also under State Plan alone under the Cash Management System is non-negotiable. Besides, the Works, H&UD, Water Resources, Rural Development, Forest & Environment Departments and Department of Agriculture & Farmers' Empowerment are required to incur expenditure to the extent 25%, 15% and 20% of the Gross provision in the Budget Estimates in the 1st, 2nd and 3rd Quarters respectively, taking into consideration their working season. Separate instructions will be issued by Finance Department in this regard. Failure to reach, the prescribed level of expenditure will result in resumption of the shortfall by Finance Department.**

(ii) Enhanced delegation for sanction of funds by the Administrative Departments covered under the Cash Management System: The Administrative Departments are authorized to sanction expenditure under Non-Plan, State Plan including Centrally Sponsored Schemes (CSS) and Centrally Sponsored Plan Schemes and Centrally Plan Schemes up to the limit of the QEA including expenditure for grants and subsidies, subject to the following stipulations.

(a) Central Plan and Centrally Sponsored Schemes (CSS) and Centrally Sponsored Plan Schemes: Normally, expenditure for these schemes is to be made against availability of Central Assistance only, during 2016-17. However, in case of urgent necessity for release of funds for continuing schemes, the Administrative Departments can incur expenditure to the extent of 50% of the provision made in the Budget Estimate for the year 2016-17 or 50% of the annual allocation made by the concerned line Ministry of Government of India whichever is less, during the first two quarters of the financial year in respect of continuing **Central Plan, Centrally Sponsored Schemes (CSS) and Centrally Sponsored Plan Schemes** pending receipt of Central Assistance with Central Assistance with concurrence of Financial Advisor/A.F.A. of the Departments.

Cash
management
system for 18
Departments

Enhanced
Delegation
for sanction
of funds
under cash
management
system

Further, in case of continuing schemes, the Administrative Departments can incur expenditure on the salary component in anticipation of receipt of Central Assistance upto **31.12.2016** without concurrence of Finance Department. On receipt of Central Assistance it will be first adjusted towards the advance release made by the State Government.

(b) In case of EAPs in the pipe line, expenditure should be incurred only if agreement with the Donor Agency has been signed and the date of effect of the agreement has been notified.

(c) The Administrative Departments would obtain approval of Project Approval Committee/Empowered Committee for sanction of the entire provision made in their Demand for Grant for share capital/loan/Grant in Aid/Subsidy to PSUs and Co-operatives, in one go, by June, 2016 and then release the amount at their level subject to recovery of outstanding Government dues and opening of Escrow Account.

(d) Release of funds in respect of schemes/provisions reserved for Post Budget Scrutiny would be subject to prior approval of Finance Department/Planning & Convergence Department as the case may be.

(e) If, any provision in the Budget Estimate is surrendered in one Demand and equivalent additional provision is taken in another Demand in the Supplementary Statement of Expenditure, then the budgeted provision will be deemed to have been reduced to that extent and the MEP & QEA are to be modified accordingly.

13. (I) General limit of sanction: The Administrative Departments not covered under the Cash Management System are authorized to sanction expenditure up to Rs.1500.00 lakh at a time under Non Plan and Rs.3000.00 lakh under Plan. Sanction of expenditure exceeding these limits would require prior concurrence of Finance Department

(II) Full power for sanction of expenditure in specific cases: Notwithstanding the limits indicated at Sub-Para (i) above, the administrative Departments are fully empowered to sanction expenditure for:

(a) Provisions made under Non-Plan and Plan against Relief expenditure, Grant-in-aid (salary) for Aided Educational Institutions, Scholarship and Stipend to SC & ST Students, SOAP, NOAP, ODP, Modernization of State

Police Force (including advance payment to Ordnance Factories for procurement of arms and ammunitions) and other Security related expenditure.

(b) All resource-tied up schemes, Biju KBK, Biju Gram Jyoti, Biju Saharanchal Bidyutikaran Yojana, Biju Kandhamala Gajapati Yojana, Gopabandhu Gramin Yojana, Jalanidhi and Madhubabu Pension Yojana under State Plan.

(c) Central Plan and Centrally Sponsored Schemes (CSS) and Centrally Sponsored Plan Schemes Normally, expenditure for these schemes is to be made against availability of Central Assistance only, during 2016-17. However, in case of urgent necessity for release of funds for continuing schemes, the Administrative Departments can incur expenditure to the extent of 50% of the provision made in the Budget Estimate for the year 2016-17 or 50% of the annual allocation made by the concerned line Ministry of Government of India whichever is less, during the first two quarters of the financial year in respect of continuing **Central Plan, Centrally Sponsored Schemes (CSS) and Centrally Sponsored Plan Schemes** pending receipt of Central Assistance with concurrence of the Financial Advisor/Assistant Financial Advisor of the Departments. **Further, in case of continuing schemes, the Administrative Departments can incur expenditure on the salary component** in anticipation of receipt of Central Assistance up to **31.12.2016** without concurrence of Finance Department. On receipt of Central Assistance it will be first adjusted towards the advance release made by the State Government.

(d) In case of EAPs in the pipe line, expenditure should be incurred only if agreement with the Donor Agency has been signed and the date of effect of the agreement has been notified.

(e) Release of funds in respect of schemes/provisions reserved for Post Budget Scrutiny would be subject to prior approval of Finance Department/Planning & Convergence Department as the case may be.

14. The Administrative Departments not covered under the Cash Management are authorised to sanction :

(i) Share Capital/Loan to PSUs/Co-operatives subject to recovery of outstanding Government dues, opening of Escrow Account and with prior approval of the Project Approval Committee and the Empowered Committee, in one go, within 30th June, 2016 in respect of the entire

provision made for the purpose in their Demand for Grant, as the case may be and within the limit indicated in Para 13(I) above.

(ii) Grant-in-aid and subsidy to PSUs/Co-operatives shall also be made by the Administrative Departments subject to adjustment of outstanding Government dues, opening up of Escrow Account and within the limit indicated in Para-13(I) above.

15. In case any Administrative Department, including those under the Cash Management System, intends to grant any relief to any PSU/-Co-operative in recovery of outstanding Government dues while releasing Share capital/loan or subsidy, prior concurrence of Finance Department would be necessary.

16. All Administrative Departments including those covered under the Cash Management System would be required to obtain prior approval of Finance Department/Planning and Convergence Department as the case may be before releasing funds in respect of schemes/provisions reserved for Post Budget Scrutiny.

17. All Administrative Departments including those covered under the Cash Management System can sanction expenditure on existing schemes when the scope of the scheme is proposed to be substantially altered and/or cost estimate of projects/schemes are to be revised, within the general limit of sanction prescribed in paragraph 12 & 13, only after completion of the process of appraisal and approval by the competent authority as prescribed in Finance Department O.M. No.1068/F dated 10.01.2013 read with Rule-17-A of the Delegation of Financial Power Rules, 1978.

18. Cases of expenditure sanction which require prior approval of Finance Department in the light of the guidelines set out in the foregoing paragraphs are listed out at Annexure-I for the sake of clarity.

19. (i) As envisaged under S.R. 242 of O.T.C. Vol.-I, money should not be drawn from the Treasury unless it is required for immediate disbursement. The system of electronic disbursement of Government payments directly to the beneficiary account has been introduced vide Finance Department O.M. No.27444/F., dated 26.7.2012 with the

objective of direct payment to the beneficiaries and vendors and to prevent parking of funds in bank accounts by the DDOs. Instances have come to the notice of Government that money drawn by the DDOs is being kept unutilized for indefinite period. This adversely affects the Ways and Means position of the State. Drawal and retention of funds results in deferment/deprivation of the expenditure on priority items which are linked with developmental activities. In order to prevent drawal of money and retention thereof in shape of cash/bank draft, instructions have been issued vide Finance Department letter No.11090/F., dated 31.03.2016 that the DDOs must record a certificate on the body of the bills presented after 31st March, 2016 as follows :

"the money drawn in cash/bank drafts up to the period 31.03.2016 has been disbursed by now except Rs._____ which would be disbursed by 0.04.2016 at the latest".

(ii) Similarly, while presenting the pay bill for April, 2016 to be paid on or after 01.05.2016, the D.D.O. must record a certificate that:

"all money drawn in cash/bank draft up to the period 31.03.2016 have been fully disbursed and no amount is lying un-disbursed with him".

(iii) While presenting the pay bill for the month of **May, 2016** onwards, the D.D.O. must record a certificate to the effect that:

"the money drawn in shape of cash/bank draft through the bills presented during the previous months has been disbursed except the money drawn in A.C. Bills and the amount now proposed for withdrawal in this bill in shape of Cash/Bank draft shall be disbursed within a period of 15 days from the date of actual drawal from the Bank/Treasury".

(iv) While scrutinizing the bills to be presented during 2016-17, the Treasury Officers must check and ensure that a certificate is recorded on the body of the bill by the D.D.O. concerned to the effect that no amount of money drawn from Treasury/Bank has been kept in deposit account without specific prior approval of Finance Department.

(v) It is observed that the cash balance Certificate is being furnished in a routine manner although huge amounts remain un-disbursed for a long period, which seriously affects the Ways & Means position of the State. Instructions have been issued vide Finance Department letter

No.11090/F., dated 31.03.2016 that **the DDOs shall furnish a cash balance report as on 30.04.2016 in the enclosed proforma (at Annexure-II) to the Collector of the District by 07.05.2016. The Collector in turn will report directly to Finance Department (Ways & Means Branch) by 20.05.2016, the name of DDOs who have drawn money up to 31st March, 2016 but have not disbursed it by 30.04.2016. A copy of such report should also be endorsed to the concerned Heads of Department.**

(vi) Instructions issued vide F.D. letter No.27397(42)/F., dt.25.6.92 and Memo No.53931(442)/F., dt.19.12.92 regarding restrictions on heavy withdrawal of money at a time and its retention in un-authorized Bank accounts must also be strictly followed. **It has been reiterated in Finance Department Circular No.32215/F., dated 21.11.2014 that if any such instance of un-authorized parking of money is noticed, the concerned DDO shall be liable for disciplinary action under Rule-15 of the OCS (CC&A) Rules, 1962.** As per instructions issued vide Finance Department Circular No. 32215/F., dated 21.11.2014, the Heads of Department and Collectors shall cause enquiry into the matter of unauthorized parking of Government money in bank accounts after obtaining information from the Treasury Officers/Drawing & Disbursing Officers/Autonomous Agencies of the Districts. In case, instances of irregularity are found, the matter should be reported to respective Heads of the Department/Administrative Department. They should take disciplinary action against the Officer committing such irregularity under intimation to Finance Department and ensure that funds are drawn and transferred to implementing agencies only for actual expenditure and not for parking in Bank Account. The Drawing & Disbursing Officers shall strictly follow these instructions.

Administrative Departments are to sanction and release funds for expenditure out of the Annual Budget, 2016-17 in accordance with the aforesaid instructions.

Yours faithfully,

Sd/-

Additional Chief Secretary to Govt.

Annexure-I**CASES REQUIRING PRIOR APPROVAL OF FINANCE DEPARTMENT**

Sl. No.	Subject/Item	Paragraph
1.	Creation / filling up of posts	4 (vi)
2.	Purchase of new vehicles & hiring vehicles	4 (vii)
3.	Purchase of machinery and equipment exceeding the limit of sanction under Plan and Non-Plan	4 (viii)
4.	Items of expenditure reserved for Post Budget scrutiny	12(ii) (d), 13(II)(e) & 16
5.	Sanction of expenditure exceeding Rs.1500 lakh under Plan in case of Departments not covered under Cash Management System.	13(I)
6.	Release of Share Capital/Loan/Grant in Aid/subsidy to PSUs/Co-operatives exceeding the limit specified in para- 13(I)	14(I) & (ii)
7.	Any relief to PSUs/Co-operative in recovery of outstanding Govt.dues while sanctioning share capital, loan or subsidy.	15

Annexure-II**CASH BALANCE REPORT OF DDOS AS ON 30.04.2016**

Name & Designation of the D.D.O.	Name of the Heads of Department / Administrative Department	Un-disbursed amount out of money drawn before 01.03.2016	Un-disbursed amount out of money drawn in March,.2016	Total amount of un-disbursed money	Break up of the un-disbursed amount i.e. whether kept in cash/ B.D./ Bankers Cheque /DCR or in unauthorized Bank Account	Reason for drawal & retention of the un-disbursed amount in violation in SR242 of OTC Vol -1
1	2	3	4	5	6	7

Signature

Designation of D.D.O.